

THE **QUARTER** NEWSLETTER

PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES



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A Well-Informed Marketplace



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General Assembly Deliberates Win for Homeowners

By **Robin L. Wiessmann**, Secretary

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Statewide Securities Conference

The first Pennsylvania statewide conference of investment professionals and regulators since 2011 will take place on **October 26, 2017**, at the Radisson Hotel Harrisburg in Camp Hill. **More...**



Summer Consumer Outreach Events

Education and outreach staff from the Department of Banking and Securities are scheduled to meet with consumers throughout the commonwealth this summer. **More...**



"Money Matters" Returns October 25

Chuck Shaeffer, producer of CNBC's "American Greed," and WGAL-TV consumer reporter Brain Roche will highlight this investor protection event. **More...**



Small Business Owners and Cybersecurity

The National Institute of Standards and Technology (**NIST**) has developed a guide for small-business owners on cybersecurity issues, which includes steps to take to better protect their information systems. **More...**



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General Assembly Deliberates

Win for Homeowners **Robin L. Wiessmann, Secretary**

It has been nearly a decade since the onset of one of our nation’s most terrible housing crises, which some dubbed the “subprime mortgage crisis” or the bursting of the “housing bubble.” There has been much debate about the causes of this crisis, but little doubt about one outcome: the challenge for of mortgage servicers to systematically manage the issues of homeowners in financial distress.

“Mortgage servicing,” as the business is called, is a critically important presence in a homeowner’s life. Often, even before the new homeowner settles in, he or she will be directed to make mortgage payments to a company other than their lender: the

servicer. While the homeowner can choose their lender, the homeowner often has no choice about which company will service his or her mortgage.

In the years of recovery since the housing crisis began, news reports about mortgage servicing (for example: [here](#), [here](#), and [here](#)) have painted a picture of the industry where too often homeowners are harmed by companies whose systems have failed, resulting in payment errors and even wrongful foreclosures.

The mid-Atlantic real estate market was hit hard by foreclosures. Pennsylvania’s foreclosure rate was lower than surrounding states, but our rate of foreclosure still rose approximately 70 percent between 2007 and 2012. We finally returned to a more normal, pre-recession foreclosure rate by 2014.

Years since the recovery, we are still seeing problems with mortgage servicers. In April, federal and more than 20 state regulators took legal action against one of the nation’s largest non-bank servicers, Ocwen Financial Corporation, for systemic failures “failing borrowers at every stage of the mortgage servicing process,” according to the Consumer Financial Protection Bureau. Ocwen conducts mortgage loan servicing for approximately 1.4 million consumers nationwide, including more than 53,000 homeowners in Pennsylvania.

Pennsylvania was not among those state regulators to act against Ocwen, because Pennsylvania does not regulate mortgage servicing and cannot work to protect Pennsylvania homeowners in their dealings with non-bank mortgage servicers.

However, bills under consideration in our General Assembly (HB 780 and SB 751) take aim at filling this vacuum by granting the Department of Banking and Securities the authority to license mortgage servicers and examine their operations and books to ensure that their systems are working and their practices are not harming consumers.

Governor Wolf and I call upon our legislators to give these bills their support. Both bills provide positive outcomes for Pennsylvanians working to secure the financial future for themselves and their families.

DoBS Welcomes Two Banking Institutions to the State Charter



The Department of Banking and Securities welcomes **Mars Bank** of Mars, Butler County, which converted from a national bank (operating as Mars National Bank) to a Pennsylvania state-chartered commercial bank in the second quarter of 2017.

The department also welcomes **Pennian Bank** of Mifflintown, Juniata County, which converted from a national bank (operating as The First National Bank of Mifflintown) to a Pennsylvania state-chartered commercial bank and trust company in the second quarter of 2017.

Statewide Securities Compliance Conference Announced

The first Pennsylvania statewide conference of investment professionals and regulators since 2011 will take place on **October 26, 2017**, at the Radisson Hotel Harrisburg in Camp Hill.

“Compliance 2017” is designed to keep investment professionals and their firms up-to-date on changes to federal and state securities laws and regulations. The conference will focus on a wide range of industry-related topics, such as the examination process, cybersecurity, federal regulatory changes, fiduciary duties, and top concerns of regulators, the securities industry, and the investing public.

“This conference will provide a distinctive opportunity for members of Pennsylvania’s securities industry to meet in one place to discuss issues of importance to investing, regulatory matters, and investors,” said PA Secretary of Banking and Securities Robin L. Wiessmann. “Our goals are to help ensure the professionals and firms we supervise understand the rules under which they are expected to operate, help them navigate Pennsylvania and federal regulatory structures, and learn how to protect their clients from fraud and financial abuse.”

The keynote speaker is **Joe Borg**, President-elect of the North American Securities Administrators Association and Director of the Alabama Securities Commission.

The cost of attendance is \$175 per registrant. Space is limited. For more information and to register online, visit our event [webpage](#).



Attendees may book hotel accommodations by calling 800.333.3333 (identify yourself as a Compliance 2017 participant and use the promotional code “PADBS”) or online [here](#).



PIDA Offers Business Loans at 2% Interest

The Pennsylvania Industrial Development Authority (PIDA) announces loans for a limited time at a 2% interest rate, fixed for the full term of the loan to qualifying businesses.

Eligible project costs that can be financed through PIDA include land acquisition, building acquisition, construction and renovation, machinery and equipment acquisitions, and working capital costs. PIDA can finance up to 50% of eligible costs. Matching funds for a project may include loans from traditional lenders such as banks, equity, as well as other state financing/economic development based programs.

A wide variety of business types are eligible, including manufacturing enterprises, industrial enterprises, agricultural processors, agricultural producers, research and development enterprises, hospitality enterprises, computer-related service enterprises, construction enterprises, child-day care enterprises, retail and service enterprises, and developers. The maximum loan amount under PIDA is contingent upon the business type, project cost, and number of jobs being created and / or retained as a result of the project. To take advantage of this limited time opportunity and for more information about the program, please refer to PIDA’s website at dced.pa.gov/PIDA.

Established in 1956, PIDA is a component unit of the PA Department of Community and Economic Development and provides low-interest loans and lines of credit through certified economic development organizations, known as CEDOs, for eligible businesses that commit to creating and / or retaining jobs as well as for the development of industrial parks and multi-tenant facilities.

Celebrate Military Consumer Protection in July

Military Consumer Protection Month offers an opportunity to promote awareness of consumer issues for members of the military, veterans, and their families. Frequent moves, which can sometimes include deployment to remote areas of the world for months or years, and access to valuable benefits and investing options contribute to the unique financial risks and needs of members of the military.

The **Financial Field Manual for Military Families** is a personal finance guide designed to serve all current and former members of the military, and contains information particularly useful to individuals who join the armed forces between 2006 and the end of 2017 who will face a choice regarding their pension plan.

Department staff participated in a “Making \$ense of Finance” conference at Fort Indiantown Gap on June 9 (photos >). The program was geared towards the financial and investing challenges faced by members of the military and veterans.

Outreach staff will also be participating in two events at Letterkenny Army Depot. On July 17, Secretary Robin L. Wiessmann will be participating in the 75th Anniversary Celebration (**open to Letterkenny employees ONLY**). The PA Military Finance Alliance will host a “Making \$ense of Finance” conference on September 16 to offer guidance to service members, veterans, and their families on building a nest egg and navigating the unique challenges facing military and veterans in financial and investment decisions.



Summer Consumer Outreach Events Announced

Education and outreach staff from the Department of Banking and Securities are scheduled to meet with consumers throughout the commonwealth this summer. Among the topics to be discussed will be:

For Senior Citizens

- **“Consumer Fraud Bingo”.** **July 21:** Columbia Senior Center, 510 Walnut Street, Columbia. 9:30 AM.
July 21: Elizabethtown Area Senior Center, 70 S. Poplar Street, Elizabethtown. 11:00 AM.
- **“Banking Basics.”** **July 7:** Hopewell Manor (**open to residents ONLY**). **July 26:** Mt. Nazareth Commons, 250 Nazareth Way, Pittsburgh. 12:00 PM.
- **“Avoiding Scams and ID Theft.”** **July 25:** Commons at North Aiken (**open to residents ONLY**).
- **“Cybersecurity – Staying Safe Online”.** Rep. Karen Boback’s Senior Expo. **July 28:** Tunkhannock Area High School, 135 Tiger Drive, Tunkhannock. 10:00 AM.

For General Audiences

- **“Banking Basics.”** **July 25:** Sweetbriar Place, 211 Sweetbriar Place, Pittsburgh. 12:45 PM.
- **“Avoiding Scams and ID Theft.”** **July 19:** Belmont Properties (**open to residents ONLY**).
July 19: Inglis Gardens at Eastwick (**open to residents ONLY**).
- **“Cybersecurity: Protecting Yourself Online.”** **October 19:** Schuylkill Township Building, 111 Valley Park Road, Phoenixville. 7:00 PM.

CONSUMER FINANCIAL PROTECTION INITIATIVE


PROTECTS AGAINST


PREVENTS ELDER


HELPS WORKING ADULTS PLAN


ESTABLISHES FINANCIAL

“Money Matters” Announced for October 25, 2017



“Money Matters” is a noncommercial consumer education conference that will offer sessions on saving, investing, and related topics to help consumers make more informed financial decisions.

The keynote speaker for the evening is Chuck Shaeffer, producer of the CNBC television show “**American Greed**.” Brian Roche, consumer affairs reporter for WGAL-TV, will act as the master of ceremonies for the event.

This program is open to the public and free of charge. **October 25: Radisson Hotel Harrisburg, 1150 Camp Hill Bypass, Camp Hill. 5:00 PM-8:00 PM.**

“Money Matters” is part of the Campaign for Wise and Safe Investing, a collaboration between the AARP Foundation, the Investor Protection Trust, AARP Pennsylvania, and the Department of Banking and Securities. Registration for the event will be open soon at dobs.pa.gov.

Here to Help Pennsylvanians on Financial Issues



Secretary Wiessmann joined Governor Tom Wolf and Secretary of Aging Teresa Osborne for several events throughout the commonwealth to answer questions from senior citizens on elder financial abuse, ways they can protect themselves from financial frauds and scams, and the agency resources available to them. Events were held at the Mohler Senior Center in Hershey, Center at the Mall in Monaca, and South Side Senior Center in Scranton.



(LEFT) Secretary Wiessmann stressed the importance of working with public and private partners to build a network of protection for seniors during a World Elder Abuse Awareness Day event at the capitol.



(RIGHT) Secretary Wiessmann was joined for World Elder Abuse Awareness Day by (clockwise, from left): Christina Mihalik (PA Credit Union Association), Stephen Gardner and David Kalinoski (AARP Pennsylvania), and Luke Bernstein (PA Bankers Association).



(ABOVE) Consumer Outreach Liaison Katrina Boyer presents during the “Making Sense of Finance” conference at Fort Indiantown Gap on June 9.

Keiser Receives National Award

The department’s chief of non-depository compliance, Jim Keiser, has received the 2017 Distinguished Service Award from the National Association of Consumer Credit Administrators (NACCA). This award is NACCA’s highest honor, given for years of contributions and service to NACCA, of which the department is a member.

NACCA recognized Keiser for:

- Serving as NACCA President in 2015, as well as NACCA’s Executive Committee;
- Establishing monthly NACCA calls where members can exchange ideas on various regulatory and consumer protection topics;
- Maintaining the NACCA Monthly Regulators’ Recap, which provides members with updates on news of interest in the consumer credit industry;
- Serving as a panelist and as a presenter during NACCA Examiners’ Schools and Annual Meetings; and
- Presenting “The History of Consumer Credit,” which has been well received by his colleagues, other regulators, and the industry.

“Jim’s 35 years of service with the department reflect well on a career guided by dedication and professionalism,” said Secretary of Banking and Securities Robin L. Wiessmann. “His work with NACCA has benefited consumers in Pennsylvania and across the country.”



Model Fee Disclosure Schedule Assists Investors, Broker-Dealers



NASAA

The North American Securities Administrators Association (NASAA) has developed a model fee disclosure schedule and related accessibility guidelines to help investors better understand and compare various broker-dealer service and maintenance-related fees. The template and guidelines make fee disclosure easily accessible and simple for retail investors to read and use to understand and compare fees.

The model fee table can be customized to be consistent with a firm’s branding and should include all miscellaneous account and service fees, including account maintenance fees. The table does not, however, include commissions, mark-ups, commission equivalents, or advisory fees. NASAA has disclosed that more than a dozen investment firms have adopted these guidelines.

For more information, visit the NASAA Model Fee Disclosure Resource Center [here](#).



Cybersection

Small-Business Owners: Cybersecurity Guidance

The National Institute of Standards and Technology (**NIST**) has developed a guide for small-business owners on cybersecurity issues, which includes steps to take to better protect their information systems. **Small Business Information Security: The Fundamentals** includes worksheets to assist businesses identify the information they store and use, determine its value, and assess its vulnerability.

The small-business guide offers practical direction on safeguarding information, including:

- Limiting employee access to data and information;
- Installing surge protectors or uninterruptible power supplies (UPS);
- Patching operating systems and applications;
- Installing and activating software and hardware firewalls;
- Securing wireless access points and networks;
- Setting up web and email filters;
- Using encryption for sensitive information;
- Disposing of old computers and media safely; and
- Training employees.



In addition to identifying risks and protecting information, this guide offers advice on the detection of cybersecurity events, the response required to contain or reduce the impact of such events, and methods for an organization to resume normal operations following a cybersecurity event. The guide also stresses the importance of practicing safe and secure work habits, such as paying attention to colleagues, being mindful of email attachments and hyperlinks, and using strong passwords.

NIST works in conjunction with the **U.S. Small Business Administration** and the Federal Bureau of Investigation's **InfraGard** program to offer cybersecurity workshops to small businesses. This new guide is based on NIST's **Framework for Improving Critical Infrastructure Cybersecurity**.

Co mplianceCorner

2nd Quarter 2017 Enforcement Orders

The Department of Banking and Securities issued **26** enforcement orders during the second quarter of 2017. Fines and assessments for these orders totaled **\$262,160**, including:

- Five Consent Agreement and Orders, one Summary Order to Cease and Desist, and one Final Order issued for violations of the Pennsylvania Securities Act of 1972, one of which included a 5-year suspension, one of which included a 10-year suspension, and one which included a permanent prohibition;
- Five Consent Agreement and Orders issued for violations of the Consumer Discount Company Act;
- Four Consent Agreement and Orders issued for violations of the Check Cashier Licensing Act;
- Three Consent Agreement and Orders, and three Suspension Orders for violations of the Consumer Credit Code;
- Two Consent Agreement and Orders for violations of the Mortgage Licensing Act, one of which also cites violations of the Loan Interest and Protection Law;
- One Order to Show Cause and Cease and Desist, and one Cease and Desist Order issued for violations of the Consumer Discount Company Act and Loan Interest and Protection Law.

Comprehensive lists of enforcement orders are available online at dobs.pa.gov or by calling **1.800.PA.BANKS**.

7 Questions Investors Should Ask Before Signing Up with a Robo-Advisor



Amid the growing popularity of robo-advisors, the Department of Banking and Securities advises investors to ask questions before switching to a robo-advisor. Driven by algorithms and using an online client survey, a robo-advisor collects information from individual investors about their finances and goals to create and manage an investment portfolio.

“While these online services may provide short-term convenience, investors should evaluate robo-advisors in accordance with their long-term investment goals,” said Secretary of Banking and Securities Robin L. Wiessmann. “They promise access to services usually thought of as reserved for only the wealthiest investors. For nearly a decade, reputable companies have offered robo-advice, but investors still need to remain engaged with the way their money is managed by asking important questions.”

Wiessmann pointed to seven questions all investors considering a robo-advisor should ask:

1. What are your investing goals and how do you want to reach them? [Learn more](#) (PDF)
2. What are the costs of using a robo-advisor compared to using a human advisor? [Learn more](#)
3. Is your personal information safe with a robo-advisor? [Learn more](#)
4. Are you willing to stop or decrease the amount of investing advice you receive through human interaction? Is robo-advising right for you? [Learn more](#)
5. What are the different approaches to investing used by different robo-advisors? [Learn more](#)
6. Is your money being directly invested or sent to other funds that might charge additional fees? [Learn more](#)
7. Is the robo-advisor properly licensed? Search the U.S. Securities and Exchange Commission [online](#) database.

“The bottom line for investors is clearly understanding what is being done with your money,” said Wiessmann. “The relationships between robo-advisors, investment products, fees, and other companies and funds are not always clear. Investors should always investigate before investing.”

Investors with questions or complaints about financial services, companies or products can call the Department of Banking and Securities at **1.800.PA.BANKS** (or 1.800.600.0007).



Research Region

Note: According to the Pew Charitable Trusts, more than 1 million full-time, full-year, private-sector wage and salary workers in Pennsylvania lack access to a retirement savings plan or a pension through their employer.

Learn more:

“Who’s In, Who’s Out: A look at access to employer-based retirement plans and participation in the states” (PDF)

Source: The Pew Charitable Trusts

Employer-Based Retirement Plan Access and Participation in PA

